GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3445
ANSWERED ON:07.09.2007
TASK FORCE FOR COOPERATIVE BANKS
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Will the Minister of FINANCE be pleased to state:

(a) whether task force constituted under the Chairmanship of Jagdish Kapoor have made recommendations for co-operative banks;

(b) if so, the details thereof;

(c) whether the Government has agreed for implementation the recommendations; and

(d) if so, the details thereof, State-wise?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (d) : The Government appointed a Task Force in April, 1999, under the chairmanship of Jagdish Kapoor, former Deputy Governor of the Reserve Bank of India (RBI), to study the functioning of the cooperative credit system and suggest, measures for its strengthening. The committee submitted its report in July, 2000. The recommendations of the Committee, inter -alia, included autonomy to Cooperative Institutions, reducing Government control over cooperatives, State Governments to adopt Model Cooperative Societies Act, effective supervision of lower tiers of Cooperative Credit Systems.

The recommendations of the committee were examined by the Government in consultation with all Stake Holders and necessary provisions based on the recommendations were made while preparing Banking Regulation (Amendment) and Miscellaneous Provisions Bill 2003. The Bill was introduced in the Lok Sabha, however, it lapsed consequent to the dissolution of 13th Lok Sabha.

Further, to strengthen the rural cooperative credit institutions, the Government of India constituted a task force in 2004 under the chairmanship of Prof. A Vaidyanathan. Based on the recommendations, Government approved a revival package for short term cooperative credit structure. The States willing to implement the package are required to sign a Memorandum of Understanding MaV) with Central Government and NABARD for carrying out certain legal and institutional reforms.

As on date 12 States viz. Andhra Pradesh, Arunachal Pradesh, Bihar, Gujarat, Haryana, Maharashtra, Madhya Pradesh, Orissa, Rajasthan, Uttarakhand, Uttar Pradesh and West Bengal have executed MoU with NABARD and Central Government for implemention of the Package. States of Goa, Tripura, Meghalaya, Manipur and U.T, of Dadra &, Nagar Haveli have given consent to implement the package.

The revival package includes a financial outlay estimated at Rs, 13,596 crores to be shared by Central Government, State Governments and the Cooperative Credit Structure in the ratio of 68:28:4 respectively for the country as a whole. Central Government has already released Rs. 1425 crore for implementation of the package to NABARD.